

PUBLIC DISCLOSURE

October 27, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BELMONT SAVINGS BANK

**2 LEONARD STREET
BELMONT, MASSACHUSETTS 02478**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MASSACHUSETTS 02110**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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TABLE OF CONTENTS

I.	General Information	2
II.	Institution Rating	
A.	Overall Rating	3
B.	Lending, Investment, and Service Test Table	5
C.	Description of Institution.....	6
D.	Description of Assessment Area.....	7
E.	Conclusions with Respect to Performance Tests	9
III.	Appendices	
A.	Appendix A - Scope of Examination.....	A
B.	Appendix B - Lending Data.....	i
1.	Table 1 - Lending Volume	
2.	Table 2a - Geographic Distribution of Home Purchase Loans	
3.	Table 3a - Geographic Distribution of Home Improvement Loans	
4.	Table 4a - Geographic Distribution of Home Mortgage Refinance Loans	
5.	Table 5a - Geographic Distribution of Multifamily Loans	
6.	Table 6a – NOT USED	
7.	Table 7a - NOT USED	
8.	Table 8a - Borrower Distribution of Home Purchase Loans	
9.	Table 9 a - Borrower Distribution of Home Improvement Loans	
10.	Table 10a - Borrower Distribution of Home Mortgage Refinance Loans	
11.	Table 11a – NOT USED	
12.	Table 12a - NOT USED	
13.	Table 13 - NOT USED	
14.	Table 14 - Qualified Investments	
15.	Table 15 – NOT USED	
16.	Demographic Information.....	xv

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to access the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Belmont Savings Bank** (or "the Bank") prepared by the Division, the institution's supervisory agency, as of **October 27, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than the individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. This rating is based primarily on the following:

- An adequate level of performance in lending to low- and moderate-income borrowers;
- An adequate geographic distribution of lending throughout all census tracts within its assessment area
- An adequate level of community development loans;
- an minimally sufficient level of qualified investments;
- An adequate range of retail and community development services.

The following is a summary of the Bank's performance under each of the three tests.

Lending

Lending activity is adequate.

- The Bank's loan-to-deposit and net loan-to-asset ratios appear to remain at adequate levels. The level of lending activity indicates a willingness to extend credit.
- A majority of home mortgage loans (by number) were made within the assessment area during 2002 and year-to-date (Y-T-D) 2003. There was less than a majority originated within the assessment area in 2001.

Geographic distribution of home mortgage loans is adequate.

- Penetration of all geographies throughout the Bank's assessment area during 2001, 2002 and year-to-date 2003 appears adequate.

Lending to borrowers of different incomes is adequate.

- The percentage of originations by borrower income level reveals adequate percentages of lending to low- and moderate-income borrowers when compared to the percentage of family households throughout the assessment area.

Community Development Lending is adequate.

- The Bank demonstrated a willingness to meet community development lending needs inside the assessment area primarily through participation loans and an equity investment through the Boston Community Loan Fund.

Lending (continued)

Innovative and Flexible Lending Practices are adequate.

- The Bank offers a number of innovative and flexible residential loan products from which it originated a number of loans.

Investments

The level of qualified investments and the degree of innovativeness are marginally adequate.

- The Bank made an acceptable level of qualified grants, however the level of qualified investments falls below reasonable levels of an institution of its asset size and type.

Services

The delivery of retail services and management's commitment to community development services reflect a very good level of responsiveness to the needs of the assessment area.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The rating period for this evaluation is January 1, 2001 to September 30, 2003.

The assigned CRA rating is based on the results of three performance tests: (1) the Lending Test, (2) the Investment Test, and (3) the Service Test. The greatest weight in assigning the overall CRA rating is given to the Lending Test.

LENDING, INVESTMENT AND SERVICE TEST TABLE

PERFORMANCE TESTS BELMONT SAVINGS BANK			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Satisfactory	X	X	X
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Investment and Service Tests when arriving at an overall rating.

DESCRIPTION OF INSTITUTION

Belmont Savings Bank, is a state chartered savings bank headquartered in Belmont, Massachusetts, with no other affiliate relationships. The Bank's main office is located at 2 Leonard Street, Belmont. The Bank operates four other full-service branch offices located in Belmont (2), and Watertown (2), as well as ATM's located in Arlington (2), Lexington (2) and Waltham (1).

As of September 30, 2003, the Bank had total assets of \$438,467,000. Assets have increased \$39.5 million (9.9 percent) since the previous August 1, 2001 Division examination. Asset size has fluctuated over the previous seven quarters from a high of \$446.5 million on September 30, 2002, to a low of \$434.5 million on June 30, 2002, to the current level of \$438.5 million as of September 30, 2003. However, the most significant increase in asset size, approximately \$20 million, was realized in the first quarter of 2002, when assets increased from \$417 million to \$437 million. Asset growth has centered mainly in the loan portfolio, valued at \$278 million as of September 30, 2003. Net Loans and leases comprise 63.4 percent of assets and form the Bank's largest assets.

Refer to the following table for the distribution of the loan portfolio.

Gross Loan Distribution as of 09/30/2003

Loan Type	Dollar Amount (000's)	Percent of Total Loans (%)
Construction and Land Development	3,762	1.3
Secured by Farmland	0	0.0
1-4 Family Residential	250,079	89.7
Multi-Family (5 or more) Residential	967	0.3
Commercial R.E.	20,597	7.4
Total Real Estate Loans	275,405	98.7
Commercial and Industrial	2,209	0.8
Agricultural	0	0.0
Consumer	1,226	0.5
Other	0	0.0
Total Gross Loans	278,840	100.0

Source: Consolidated Report of Condition and Income (Call Reports) 9/30/2003

As shown in the above table, the Bank's primary lending focus is the origination of residential real estate mortgage loans, in that loans secured by one-four family homes comprise approximately 89.7 percent of the loan portfolio. These loans are mostly closed-end mortgage loans.

DESCRIPTION OF INSTITUTION (continued)

The Bank operates in a highly competitive market area. The most recent aggregate data available pertains to calendar years 2001 and 2002. This data indicates that more than 385 financial institutions originated mortgages within the Bank's assessment area in those years. The Bank ranked 14th and 13th respectively, with an overall market share of 2.0 percent. Management considers Watertown Savings Bank, Cambridgeport Bank, Cambridge Savings Bank, and East Cambridge Savings Bank, as well as a significant Fleet National Bank branch network to be its primary local competitors. In addition to these local competitors, the Bank faces additional competition from larger regional banks and mortgage companies.

The Bank's CRA performance was last evaluated concurrently by the Division and the FDIC on August 1, 2001, and was rated "Satisfactory." Both evaluations were conducted using the Large Bank CRA examination procedures.

There are no financial or legal impediments that would limit this institution's ability to meet the credit needs of its assessment area.

DESCRIPTION OF THE ASSESSMENT AREA

Overview

It is required by CRA that financial institutions designate one or more assessment area(s) where its record of helping to meet the needs of the community is evaluated.

The Bank's assessment area includes the 6 cities and towns of Arlington, Belmont, Lexington, Waltham, Watertown and Weston, all of which are located in Middlesex County, in the Boston MA-NH Primary Metropolitan Statistical Area (PMSA). This PMSA is within the Boston Consolidated Metropolitan Statistical Area (CMSA).

The Bank's assessment area, as currently defined, meets the technical requirements of the CRA, as it (1) consists of one or more political subdivisions, (2) includes the geographies where the bank has its main office, branches and deposit-taking ATM's, as well as the surrounding geographies in which the institution originates a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

DESCRIPTION OF THE ASSESSMENT AREA (continued)

As defined by the 1990 U.S. Census, the cities and towns that made up the assessment area were comprised of 42 census tracts. In terms of income classification, there were no low-income, 5 moderate-income, 23 middle-income, and 14 upper-income census tracts. Moderate-income (MI) census tracts accounted for 11.9 percent of the total number of census tracts in the assessment area. The moderate-income tracts are located in Waltham (4) and Arlington (1). The 1990 U.S. Census data states that only approximately 8.6 percent of the assessment area's total population resided within these MI tracts.

The number of census tracts within the Bank's assessment area was reduced as a result of a realignment of its assessment area in 2003 and the results of the 2000 census. Management decided to drop the Town of Weston from its assessment area for 2003. Therefore, the new assessment area, according to the 2000 U.S. Census, is comprised of 40 census tracts. In terms of income classification, there are still no low-income, 1 moderate-income, 21 middle-income, and 18 upper-income census tracts. The moderate-income tract only accounts for 2.5 percent of the total number of the census tracts. The one tract is located in the City of Waltham. Approximately 1.8 percent of the assessment area's total population resides within this MI tract.

According to the 1990 U.S. Census data, the assessment area's median family income was \$48,688, with HUD adjustments for 2001 and 2002 raising it to \$74,200. According to the 2000 Census data, median family income is \$67,294, with HUD adjustments for 2003 reflecting the median family income to be \$80,800.

Evaluation of data for calendar years 2001 and 2002 was based upon 1990 Census information. Year-to-date performance data as of September 30, 2003, was based on 2000 Census information.

Economy and Unemployment

This assessment area had experienced positive economic growth over the past few years. However, there was an economic downturn during 2001. The unemployment rate for Middlesex County steadily declined through 2000, when it reached a 20-year low of 1.9 percent. As of December 2001, this ratio had climbed to 3.9 percent. As of December 2002 and September 2003, the unemployment rate for Middlesex County was 4.6 percent and 5.2 percent, respectively. Middlesex County has traditionally experienced lower unemployment ratios than Massachusetts and the United States as a whole.

Economy and Unemployment (continued)

Community organizations were contacted by examiners to determine areas in need of assistance from local institutions, and to verify if this institution is meeting the credit needs of the community. These interviews provided examiners with knowledge regarding the assessment area, its economic base, and community development initiatives.

Community Contact Information

During this examination, the examiners contacted the Senior Planner in the Office of Community Development, as well as the Chairman of a local advocacy group that promotes the development of affordable housing. Both were located in the Town of Belmont. According to these contacts, there appear to be some community development lending opportunities and flexible lending programs in which the Bank can become involved.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The Bank's Lending Test performance was rated an overall "Satisfactory." The Bank's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its residential mortgage, small business, and community development loans. Residential mortgage loans, small business loans and community development loans originated during 2001, 2002 and year-to-date September 30, 2003 were included in the Bank's performance.

The data used to evaluate the Bank's lending was derived from the HMDA/LAR (Home Mortgage Disclosure Act/ Loan Application Register) and the Bank's community development loan register.

The Bank's performance with respect to the Lending Test is rated satisfactory, indicating a reasonable level of responsiveness to the credit needs of the community.

I. LENDING ACTIVITY

The Bank's lending activity reflects an adequate level of responsiveness to the credit needs of its assessment area. This was determined by analyzing the Bank's net loan-to-asset (LTA) and net loan-to-deposit (LTD) ratios, as well as the distribution of home mortgage loans inside versus outside the assessment area.

For specific information concerning the volume of lending inside the Bank's assessment area, refer to Table 1 in Appendix B. This evaluation considers only HMDA-reportable loans, small business loans and community development loans, as the Bank does not tract their consumer loans.

For the time period covered by this evaluation, January 1, 2001 through September 30, 2003, the Bank reported 1905 home mortgage loans totaling \$559,434,000. Of these, 999, or 52.4 percent of the number, and 45.5 percent of the dollar amount, were originated inside the assessment area.

A Bank's net LTA ratio gives a picture of how much emphasis an institution places on making loans, pertaining to loans originating both inside and outside of the institution's assessment area(s). In order to facilitate a more complete evaluation, institutions are analyzed over a period of eight quarters, allowing for the examination of trends and fluctuations. From December 31, 2001 through September 30, 2003, the Bank's average LTA ratio was 62.6 percent. At the close of the third quarter of the year, the most recent data available, this ratio was 63.4 percent, based on net loans of \$277,949,000 (\$278 million) and total assets of \$438,467,000. These percentages are deemed to be adequate. Over the previous eight quarters, as detailed above, assets grew by 5.1 percent, while the Bank's LTA ratio fluctuated between a low of 58.3 percent in the fourth quarter of 2002, to a high of 67.7 percent in the second quarter of 2003.

The sharpest decline in the LTA ratio over the previous eight quarters occurred between the September 30, 2002 and December 31, 2002 during which time the Bank sold a substantial number of loans on the secondary market. On December 31, 2001, the LTA ratio stood at 64.4 percent, based on a net loan portfolio of \$264.8 million, and as of December 31, 2002 dropped to 58.3 percent, based on net loans of \$259.4 million. As previously stated, as of September 30, 2003, the ratio rest at 63.4 percent.

LENDING ACTIVITY (CONTINUED)

A further analysis of the Bank's net loan-to-deposit (LTD) ratio was performed. This analysis compares lending volume to level of deposits taken in. From December 31, 2001 through September 30, 2003, the Bank's average LTD ratio was 79.3 percent. As of September 30, 2003, this ratio was 80.2 percent, with total deposits equal to \$346.7 million. Like the institution's LTA ratio, this percentage is deemed to be adequate, as the Bank has remained competitive in its level of lending, in comparison to other institutions within the assessment area. Over the past eight quarters, the LTD ratio has remained relatively steady with levels between 78 percent and 81 percent. The largest decrease occurred at the same period of the significant loan sales at which time the ratio was slightly lower at 76.8 percent.

Percentage of Lending Inside the Assessment Area

The Bank's Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the Bank's assessment area. During this period, the Bank originated 1,905 HMDA-reportable loans totaling \$559.4 million. Of this amount, 999 loans, or 52.4 percent of the number and \$254.65 million or 45.5 percent of the dollar volume was originated in the Bank's assessment area.

Refer to the following table for additional information by year regarding the Bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2001	208	46.3	59,016	41.7	241	53.7	82,513	58.3
2002	394	52.7	96,698	46.8	353	47.3	109,733	53.2
Y-T-D 2003	397	56.0	98,913	46.8	312	44.0	112,561	53.2
Total	999	52.4	254,627	45.5	906	47.6	304,807	54.5

Source: 2001, 2002 and Y-T-D 9/30/2003 HMDA/LARs, CRA Wiz

As previously indicated, according to the most recent aggregate lending data available for 2001 and 2002, the Bank ranked 14th and 13th respectively for HMDA reportable loans within its assessment area. The Bank's overall level and dispersion of lending activity is considered adequate.

Small Business Loans

The Bank originated a relatively small number of small business loans during the time period covered by this evaluation. The Bank originated a total of 23 small business loans totaling \$1,954,000. Of this total 18 loans, 78.3 percent of the number, totaling \$1,147,000 were originated inside the bank's assessment area. Of the 18 small business loans originated inside the assessment area, 16 were originated in amounts under \$100,000 and all 18 were to businesses with annual gross revenues under \$1 million. Fifteen of the 18 loans were originated in middle-income census tracts, while the remaining 3 were originated in upper-income tracts.

The low volume of small business originations precludes any meaningful analysis, therefore these originations will not be included in the following criteria. However, the originations made by the Bank indicates a willingness on the part of the institution to meet the credit needs of small businesses, particularly those with gross annual revenues under \$1 million. Dispersion of the originations appear reasonable based upon the geographic demographics of the assessment area.

II. GEOGRAPHIC DISTRIBUTION

The following analysis provides a breakdown by product type, number and percentage, the Bank's HMDA-reportable loans within its assessment area according to census tract income level. It is important to note that all percentages used for comparative purposes are based on 1990 census information for 2001 and 2002 while year-to-date (Y-T-D) 2003 information is based on 2000 census information. Refer to Appendix B for core table analysis.

FFIEC Table 2a shows the geographic distribution of home purchase loans. This table reflects a penetration throughout the assessment area's census tracts. The Bank originated 38 home purchase loans in 2001; 43 in 2002; and 13 for Y-T-D 2003. The highest percentage of this loan type was originated within the area's middle-income census tracts, with 44.74 percent in 2001, 67.44 percent in 2002, and 53.85 percent in 2003. This loan volume is appropriate considering the high number of middle-income census tracts in the assessment area and the percentage of owner-occupied housing units, 55.44 percent for 2001 and 2002, and 45.67 percent for 2003, in those tracts.

GEOGRAPHIC DISTRIBUTION (CONTINUED)

Upper-income census tracts accounted for 52.63 percent of loans originated in 2001, 30.23 percent in 2002, and 46.15 percent in 2003. These levels of originations are somewhat lower in proportion to the percentage of owner-occupied housing units in these tracts for 2002 and 2003, as the percentage of owner-occupied units was 39.96 percent and 53.96 percent respectively. However, for 2001, according to 1990 census information, 39.96 percent of housing units in these tracts are owner-occupied thereby indicating that the 2001 lending activity corresponds well.

The moderate-income census tracts accounted for 2.63 percent of home purchase loans in 2001; 2.33 percent in 2002; and zero percent in Y-T-D 2003. When compared to the percentage of owner-occupied units in these tracts, performance levels for 2001, 2002 and 2003 compare favorably. However, the Bank did not originate any home purchase loans in moderate-income tracts in 2003.

The Bank's level of activity relating to home purchase loans, when compared to the aggregate lending activity on a percentage basis, indicates that the Bank had a higher percentage of its originations in middle- and upper-income tracts for 2002 and 2001 respectively, while the aggregate percentage of originations exceeded the Bank's in moderate-income tracts for 2001 and 2002 as well as in middle-income tracts for 2001. There is no aggregate data available for 2003.

FFIEC Table 3a shows the geographic distribution of home improvement loans. The Bank originated one home improvement loan in 2001, and none in 2002 and Y-T-D 2003. The small number of home improvement loans made by the Bank precludes meaningful analysis of these originations.

FFIEC Table 4a shows the geographic distribution of home mortgage refinance loans. Home mortgage refinance loans represent the highest level of residential lending activity for the Bank and overall marketplace. The Bank originated 169 loans in 2001, 350 loans in 2002, and 384 in Y-T-D 2003. The Bank granted the highest percent of loans in the upper-income census tracts in 2001, and Y-T-D 2003, with 52.07 percent of the total number of refinances for 2001, and 68.49 percent in Y-T-D 2003. The Bank originated 46 percent of its home mortgage refinance loans in upper-income tracts in 2002. This percentage of loan originations exceeded the aggregate percentage of originations for both 2001 and 2002. The percentage of originations in middle-income tracts closely mirrored that of the aggregate performance levels for 2002, however fell below aggregate levels for 2001. The percentage of originations in upper-income tracts appears high in relation to the percentage of owner-occupied housing units in those tracts. Conversely, the percentage of originations in middle-income tracts, when compared to the percentage of owner-occupied units appears somewhat low.

GEOGRAPHIC DISTRIBUTION (CONTINUED)

Percentage of originations in moderate-income tracts fell below the aggregate in both 2001 and 2002. The percentage of originations for 2001 had the Bank at 1.18 percent, while the aggregate percentage was 5.26 percent. The 2002 levels were again lower, with the Bank originating 1.71 percent, and the aggregate at 4.60 percent. The Bank's percentages were below the 4.60 percent of owner-occupied housing units located within moderate-income tracts, while aggregate performance levels exceeded those percentages. The Bank's percentage of originations appears to be dropping though Y-T-D 2003 at 0.37 percent.

FFIEC Table 5a shows the geographic distribution of multifamily loans. The Bank originated one multi-family loan during 2002 and none in 2001 or 2003. The small number of multi-family loans made by the Bank precludes meaningful analysis of these originations.

The most recent available aggregate data for calendar years 2001 and 2002 was looked at for comparative purposes. This data revealed that the aggregate originations in moderate-income geographies totaled 5.8 percent of all HMDA reportable originations in 2001, and 5.1 percent in 2002. In contrast, the Bank originated 1.4 percent of its HMDA-reportable loans in moderate-income geographies in 2001, and 1.8 percent in 2002. The Bank's 2001 and 2002 levels are considered to be somewhat low. Market share reports for 2001 and 2002 indicate that the Bank was ranked 56th in lending in moderate-income census tracts for 2001, and 32nd in 2002. Current Y-T-D 2003 figures indicate a continued low percentage of originations (0.3 percent) in moderate-income tracts. It is important to note that while this level appears low, there was no current aggregate data for 2003 available for comparative purposes at the time of the examination.

The Bank's percentage of originations of loans in middle-income census tracts, when compared with aggregate performance levels for both 2001 and 2002, indicates somewhat adequate levels. The Bank originated 46.6 percent and 54.1 percent in 2001 and 2002 respectively while the aggregate originated 56.0 percent and 52.8 percent. Current Y-T-D 2003 levels are down to 32.0 percent. The Bank originated 51.9 percent of its loans in upper-income census tracts in 2001, and 44.2 percent in 2002, while the aggregate originated 38.3 percent and 42.0 percent, respectively. The Bank's current Y-T-D 2003 level stands at 67.8 percent.

GEOGRAPHIC DISTRIBUTION (CONTINUED)

To summarize the geographic distribution of the Bank HMDA-reportable lending is greatest in the middle-and upper-income census tracts where the majority of census tracts and housing units are located as well as the highest levels of aggregate lending. However, the Bank's performance in moderate- and middle-income census tracts falls below the aggregate percentage levels of performance. 2003 levels do not appear to be improving. However, overall, the Bank's performance relative to this criterion is deemed to be adequate.

III. DISTRIBUTION OF LOANS BASED ON BORROWER INCOME

This evaluating factor assesses how well the Bank is addressing the housing credit needs of the area's low-, moderate-, middle-, and upper-income residents. Special consideration is placed on the Bank's record of lending to low- and moderate-income borrowers residing in the assessment area. Information in the HMDA LARs concerning residential mortgage lending shows an adequate distribution of loans among all income levels, including both low- and moderate-income categories.

FFIEC Table 8a shows borrower distribution of home purchase loans. The Bank originated 38 loans in 2001, 43 in 2002, and 13 in Y-T-D September 30, 2003. Upper-income borrowers accounted for the greatest share of home purchase loans, both for the Bank and aggregate lending activity for 2001 and 2002. The Bank originated 73.68 percent and 71.43 percent, respectively. Aggregate performance levels were also high to upper-income borrowers at 69.85 percent and 63.63 percent for the same time frames.

The Bank's percentage of home purchase loans made to low- and moderate-income borrowers exceeded the aggregate performance levels for 2001. The Bank originated 2.63 percent of its home purchase loans to low-income borrowers and 15.79 percent to moderate-income borrowers. Aggregate lending data for 2001 indicates that percentage levels to low-income borrowers were at 1.23 percent and 8.22 percent to moderate-income borrowers. Origination percentages in 2002 indicate that the Bank exceeded the aggregate percentage levels to low-income borrowers, however did not reach aggregate levels for moderate-income borrowers. Current Y-T-D 2003 percentages indicate that the Bank has not originated any home purchase loans to low-income borrowers, however the Bank has originated 23.08 percent to moderate-income borrowers.

The percentage of loan originations to middle-income borrowers was below aggregate levels for 2001, however, closely mirrored aggregate levels for 2002. Current Y-T-D 2003 levels also appear to be exceeding 2002 levels.

DISTRIBUTION OF LOANS BASED ON BORROWER INCOME (continued)

FFIEC Table 9a shows the borrower distribution of home improvement loans. The Bank originated one home improvement loans in 2001, and none in 2002 or Y-T-D September 30, 2003. The small number of home improvement loans made by the Bank precludes meaningful analysis of these originations.

FFIEC Table 10a shows the borrower distribution of home mortgage refinance loans. The Bank originated 169 loans in 2001, 350 in 2002, and 384 for Y-T-D September 30, 2003. Upper-income borrowers accounted for the single greatest share of home mortgage refinance loans originated at 64.24 percent of total volume in 2001, 62.29 percent in 2002, and 59.95 percent as of Y-T-D September 30, 2003. The high percentage of loans to upper-income family households is attributed, in part, to the economic characteristics of the area and the strong loan demand from borrowers in this income category. Loans originated to moderate-income borrowers was similar to the aggregate and portion of households in the area, where 10.30 percent of loans were originated to moderate-income borrowers in 2001, 12.00 percent in 2002, and 12.57 percent in Y-T-D September 30, 2003. Lending to low-income borrowers was minimal, with refinancing lending activity at 3.64 percent in 2001, 3.14 percent in 2002, and 4.97 percent in Y-T-D September 30, 2003.

When compared to the aggregate percentages for 2001 and 2002, the Bank was slightly higher than the aggregate percentages in combined totals of lending to low- and moderate-income borrowers for both years. Levels of percentages to low- and moderate-income borrowers appear to be slightly increasing from 2002 levels, with a slight decrease in percentage of these loans to upper income borrowers. These percentages are deemed to be adequate.

Analysis of all HMDA reportable lending inside its assessment area to borrowers of different income levels indicates that the Bank originated approximately 15.5 percent of its loans to low- and moderate-income borrowers. While this level appears reasonable, as there appears to be an increasing trend over the two and three-quarter year period. Market share reports for 2001 and 2002, indicate that the Bank was ranked 14th in lending to low- and moderate-income applicants for 2001. The Bank's ranking improved to 13th in 2002.

To summarize, the borrower distribution of the Bank's lending shows that an adequate portion of its home mortgage loan volume goes to low- and moderate-income borrowers.

IV. COMMUNITY DEVELOPMENT LENDING

The Bank's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

A community development loan:

- Has as its primary purpose community development
- Has not been reported or collected by the Bank or an affiliate for consideration in the Bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
- Benefits the Bank's assessment area or a broader statewide or regional area that includes the assessment area.

The Bank originated four community development loans, totaling \$3,330,000, for the time period covered by this evaluation. Additionally, the Bank receives credit for its pro rata share of lending activity from a qualified equity investment in a Boston-based CDFI.

The institution's performance under this factor is considered to be adequate.

Loans to Non-Profit Organizations

In October 2001, the Bank committed to participate in a \$5,000,000 construction loan for the renovation of an area non-profit boys and girls club. The Bank's share of the participation was 20 percent, or \$1,000,000. A total of \$631,000 was advanced from this commitment. In January 2003, the Bank agreed to participate in the permanent financing of this same project by agreeing to a 36.3 percent interest in a \$3,660,000 loan. The Bank's portion totaled \$1,330,000.

The other two qualified community development loans were in conjunction with an existing \$800,000 line of credit originated in 1998 to an area non-profit organization which has a principal activity of operating an approved Chapter 766 School for handicapped individuals. The organization also has additional programs that provide residential, vocational and daily living support for handicapped individuals. The Bank approved two increases in the line of credit in the amounts of \$300,000 and \$700,000 over the time period covered by this evaluation.

COMMUNITY DEVELOPMENT LENDING (continued)

Boston Community Loan Fund (BCLF)

In May 2002, the Bank invested \$250,000 in the Boston Community Loan Fund (BCLF). The BCLF, which was designated as a Community Development Financial Institution (CDFI) in 1997, was established as a non-profit in 1985 to provide capital to community-based organizations and projects that might otherwise not be financed.

According to the CRA regulations, institutions, at their option, may receive consideration for its pro-rata share of the organization's community development lending activity. The Bank opted to receive credit for BCLF's loans as an alternative to the amount of its qualified investment. During the review period, the Bank's investment represented approximately 2 percent of BCLF's permanent capital at various intervals. The Bank's total pro rata allocation of BCLF lending activity amounted to \$905,000.

Other Community Development Lending Activity

The Bank originated seven HMDA reportable mortgage loans on residential 1-4 family properties to area non-profits for the purpose of providing affordable housing. While the regulation does not allow for community development lending credit for these loans, the originations are noteworthy.

V. INNOVATIVE OR FLEXIBLE LENDING PRODUCTS

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

The Bank's performance under this factor is considered adequate. The Bank offers various credit products that help serve the credit needs of the assessment area, some of which specifically address needs identified by community groups during contacts made by examiners. These products are described below.

INNOVATIVE OR FLEXIBLE LENDING PRODUCTS (continued)

Portfolio Lender

The Bank offers its customers a wide-range of variable and fixed-rate mortgage programs. Management has made the business decision to retain some special program residential mortgage loans within its portfolio. As a result, the Bank is able to provide a greater degree of underwriting flexibility than other institutions that underwrite totally to secondary market standards and criteria.

The Bank has its own first time homebuyers program. All closing costs are absorbed by the Bank when the applicant's annual income is less than 135 percent of the Boston MSA median income. All of the properties must be located within the Bank's primary lending area, and ratios cannot exceed 33/38. Loan maturities can be extended to 35 and 40 years. From January 1, 2001 through September 30, 2003, the Bank originated 23 first time homebuyer loans, totaling \$6,139,410.

The Bank has been active in the origination of reverse mortgages. This product is geared to elderly homeowners who have high equity positions in their property but are in need of increased cash flow. The Bank made three reverse mortgages, one inside its assessment area, for the time period covered by this evaluation.

The Bank recently committed \$5,000,000 towards the Municipal Mortgage Program. This program was introduced by the Massachusetts Housing Finance Agency (MHFA) and provides a "Zero Down/Live Where You Work Mortgage Program". The Mortgage Insurance Fund of MHFA provides pool insurance on the loans made. The Bank makes the loans available to municipal employees at lowered interest rates and fees. Highlights of the program include a no down payment requirement on a 5/1 adjustable rate mortgage amortized as a 30-year loan. To qualify, employees must meet household income requirements and the property must be owner occupied. The Bank originated five loans under this program, totaling \$1,477,150.

VI. FAIR LENDING POLICIES AND PRACTICES

The Bank's fair lending information was reviewed to determine how it related to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

FAIR LENDING POLICIES AND PRACTICES (continued)

The Bank maintains fair lending standards as part of its overall Lending Policy, which are aimed at preventing illegal discrimination and that adequately addresses the Division's Regulatory Bulletin 2.3-101 and other aspects of fair lending. Through a review of the Bank's files, it appears that the Bank follows the procedures set forth in the loan policy.

The Bank provides employees with training on a variety of fair lending and diversity issues. The Bank's marketing efforts are done primarily through local radio, cable, internet and newspaper advertisements that reach the entire assessment area. In addition, members of the Bank are actively involved in the community and use their numerous contacts to help determine the credit needs of the assessment area.

The Bank offers different types of flexible products that are effective in providing credit to those who would not qualify under conventional lending standards. Please refer to Section V. "Innovative or Flexible Lending Practices" under the lending test for a list of flexible products.

The Bank has a formal Second Review Practice for all denied credit applications. The policy calls for all denied applications to be reviewed by the Bank's senior lending management prior to the issuance of the adverse action notice. Management reviews all denied loan applications to ensure that they were handled objectively, and that the applicant was treated in a non-discriminatory manner. Loan management also verifies that the loan production staff is aware of all underwriting guidelines and has applied compensating factors consistently. The review analysis of denied applications is forwarded to the CRA Committee and Audit Committee.

The Bank has internal control procedures in which the compliance officer checks for compliance with various fair lending laws such as the Equal Credit Opportunity Act, HMDA and CRA. Additionally, the Bank retains the services of outside auditors to ensure compliance and accuracy of the application process.

The Bank refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. A form containing the names, addresses and phone numbers of various counseling agencies is mailed to the borrower.

Bank records reflect that members of the Bank's consumer contact staff have received training dealing with Fair Lending related issues through an ongoing in-house training program for all lending personnel.

MINORITY APPLICATION FLOW

The Bank's six-community assessment area, for 2001 and 2002, contains 199,686 individuals, 15,510 (8 percent) of which are minorities. The following table describes the assessment area minority population:

Assessment Area Population By Race*

Belmont Savings Bank Assessment Area	Total	White	Hispanic	Asian	Black	Native American	Other
TOTAL	199,686	184,176	4,810	7,273	3,072	211	144
PERCENT	100.0	92.2	2.2	3.7	1.6	0.2	0.1

* Based on 1990 Census Data.

The Bank's five-community assessment area, for 2003, contains 189,150 individuals, 27,537 (15 percent) of which are minorities. The following table describes the assessment area minority population:

Assessment Area Population By Race*

Belmont Savings Bank Assessment Area	Total	White	Hispanic	Asian	Black	Native American	Other
TOTAL	189,150	161,613	7,569	12,387	4,327	187	3,067
PERCENT	100.0	85.4	4.0	6.6	2.3	0.1	1.6

* Based on 2000 Census Data.

A review of the Bank's 2001, 2002 and Y-T-D 2003 (through September 30, 2003) LARs was conducted to determine the number of residential mortgage applications received from minorities within the Bank's assessment area. During the period from January 1, 2001 through September 30, 2003, the Bank received a total of 1,050 residential mortgage applications. During this time period, the Bank received 88 applications from various minority groups, representing 8.4 percent of the total mortgage applications received. All but 3 minority applications resulted in originations, resulting in a 96.6 percent rate of originations on minority loans. Of these 3 applications, 2 were approved not accepted and one was withdrawn. No minority applications were denied.

MINORITY APPLICATION FLOW (continued)

An analysis was also performed comparing the Bank's application flow levels to all other HMDA reporting lenders for calendar year 2001 and 2002. The Bank's percentages for applications were below the aggregate. However, its percentage of minority originations exceeded the aggregate data from 2003. In 2001, minority loan applications represented 9.8 percent of the total 16,019 applications received by the 389 lenders in the assessment area. The Bank's minority applications were 8.5 percent. The aggregate data indicated a 79.4 percent rate of originations for minority loan applications, 15 basis points below the rate for the Bank. There were similar results for 2002. These percentages are deemed to be acceptable when compared to the percentage of minorities within the Bank's assessment area. This analysis reveals a good and consistent effort on management's part to address the mortgage credit needs of the minority community within the assessment area.

Refer to the table below for specific origination details:

MINORITY APPLICATION FLOW

	2001		2002		Y-T-D 2003		TOTAL	
RACE	#	%	#	%	#	%	#	%
Asian	12	5.4	12	2.9	17	4.1	71	6.0
Black	1	0.4	1	0.2	1	0.2	9	0.8
Hispanic	0	0.0	2	0.5	5	1.2	9	0.8
Native American	0	0.0	0	0.0	1	0.2	3	0.2
Joint Race	5	2.2	11	2.7	19	4.6	19	1.6
Other	1	0.4	0	0.0	0	0.0	6	0.5
TOTAL MINORITY	19	8.5	26	6.3	43	7.9	117	9.9
White	194	86.6	368	89.8	370	88.9	1,070	90.1
Not Available	11	4.9	16	3.9	3	0.7	0	0.0
TOTAL	224	100.0	410	100.0	416	100.0	1,187	100.0

* Obtained from the bank's 2001, 2002 and year-to-date 2003 LARs

VII. Loss of Affordable Housing

The Bank's participation in community development lending activities and government lending programs, along with its development of credit products with flexible lending criteria, has assisted low and moderate-income individuals to remain in their neighborhoods.

Conclusion – Lending Test

Overall, the Bank's performance under the lending test was found to be adequate. For the period reviewed, the Bank originated an adequate percentage of its loans inside the assessment area. Lending was adequately distributed among borrowers and geographies of different income levels and businesses of different sizes. The Bank did not originate any community development loans. The Bank participates in two flexible lending programs and fair lending policies and practices are reasonable. Based on the above information, the Bank's lending performance is considered "Satisfactory."

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low- and moderate-income geographies. The Bank is rated "Satisfactory" in this area. The Bank's primary source of qualified investments comes through the Bank's charitable grants and contributions. The following describes the institution's qualified investments.

Qualified Grants

The Bank has provided contributions to organizations that provide education and training, affordable housing, youth programs, and health and human services for individuals in need. During the fiscal year 2001, the Bank provided \$41,388 in charitable contributions. \$10,900 (26.3 percent) was in qualified contributions and grants, in support for the development of facilities which promote community development, as defined under the CRA regulation. During fiscal year 2002, the Bank provided \$71,390 in charitable contributions. \$25,700 or 36 percent was in qualified contributions and grants. As of Y-T-D September 30, 2003, the Bank contributed \$37,735 in charitable contributions, and a total of \$16,400 (43.5 percent) was for community development purposes.

Qualified Grants (continued)

The following is a sampling of qualified grants:

- **Waltham Alliance to Create Housing (WATCH):** WATCH is a non-profit Community Development Corporation (CDC) founded in 1988 to preserve and promote affordable housing, and economic opportunities for low- and moderate-income residents of Waltham.
- **Caritas Communities:** This non-profit agency provides affordable housing in the form of single room occupancy dwellings. The agency owns and manages two lodging houses in Arlington, which provides housing to 36 women and men. Caritas has made a commitment to maintain their buildings as affordable housing. The average resident is 40 years old, works in a low paying service sector job, and generally lacks medical insurance.
- **Boston Community Capital:** This organization, a CDFI, specializes in loan funds, venture funds and managed assets. It provides housing as well as business opportunities for small entrepreneurs statewide.
- **American Red Cross:** This non-profit organization provides relief from suffering or distress resulting from disaster or other calamity.
- **H.O.M.E.** (Homeowners Options for Massachusetts Elders) assists Massachusetts elders through counseling and access to reverse mortgages to remain in their homes. Counseling and services are provided statewide.

In addition to the above organizations, the Bank made donations to food pantries, consumer credit counseling services, Boys and Girls Clubs, and services for low and moderate-income individuals.

Conclusion - Investment Test

The Bank's investments consist of contributions to non-profit organizations and agencies. Given its size and capacity, the Bank has exhibited a low, yet acceptable level of responsiveness to meet credit and community economic development needs through qualified investments. The Bank's investment performance receives a rating of "Satisfactory."

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low and moderate-income geographies or that primarily serve low or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low, moderate, middle, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

The Bank's service performance was rated an overall "Satisfactory." The following information details the data compiled and reviewed, as well as conclusions on the Bank's performance.

The Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. Retail banking services and products appear to offer consumers the flexibility and convenience expected from an institution of this size. In addition, officers and employees of the Bank have demonstrated an adequate level of involvement in community organizations located throughout its assessment area and have provided a reasonable level of service activity in response to community needs. The following details the institution's services.

RETAIL BANKING SERVICES

Distribution of Branches

The Bank operates five full service offices. The main office is headquartered at 2 Leonard Street in Belmont Center. This location is designated as an upper-income census tract. Other full-service offices are located at 78 Trapelo Road, and 277 Trapelo Road in Belmont, 550 Arsenal Street in Watertown, and 53 Mount Auburn Street in Watertown. These offices are located in middle-income census tracts. Although Bank offices and ATMs are located predominately within middle and upper-income census tracts, low and moderate-income individuals appear to have reasonable access to deposit and loan related services offered by the Bank.

Hours of operation are reasonable and compare favorably with other local financial institutions. All full-service offices are open on Saturday, and offer extended hours during the week on Fridays. In addition, the branch located at 277 Trapelo Road offers extended hours on Thursday and Friday.

Consumer and home equity loans and line of credit applications are taken at all offices. Branch personnel refer all applicants applying for a home purchase loan or refinance loan to the Bank's loan originators, who will meet at a location convenient for the applicant. In addition, residential mortgage applications can be downloaded from the Bank's online web site.

Record of Opening and Closing Branches

The Bank maintains a Branch Closing Policy that outlines procedures should the Bank decide to close an office. The Board of Trustees last reviewed this policy on June 19, 2003. The Bank has not closed any offices since the previous examination. However, the Bank opened a full-service branch office in September 2001. This branch is located in the Watertown Mall at 53 Mount Auburn Street, Watertown. The branch is geographically situated within a middle-income census tract.

Since the last CRA examination, the Bank installed one stand-alone ATMs located at 355 Waverly Oaks Road, Waltham, which is located within a middle-income census tract.

Alternative Retail Banking Services

Automated Teller Machines (ATMs) that are linked to the Cirrus, NYCE, TX, SUM, and MAESTRO (point-of-sale) networks are available 24 hours a day at each office location. In addition to transferring funds and making cash withdrawals anywhere in the U.S. and Canada, customers can deposit checks at the Bank and TX ATMs. Also, all ATM machines are equipped with braille. The Bank is also a member of the SUM network. The Bank assesses no surcharge fees at their own branch locations. However, a fee of \$1.00 per transaction is charged to customers using ATMs of other institutions. In addition, 24-hour drive up ATM service is provided at the 277 Trapelo Road location.

Bank customers have telephone access to account information through an automated telephone banking system. By utilizing the telephone banking system, customers can access their accounts, obtain balance inquiries, transfer funds from one account to another, and obtain current interest rate information. This service is available to all customers 24 hours a day, 7 days a week.

In addition to the above delivery systems, the Bank offers bank-by-mail, which enables customers to complete banking transactions through the mail. The Bank's web site, www.belmontsavings.com, provides information about the Bank's deposit services and credit products. The site also provides general banking information including branch locations and business hours. Also, the Bank's web site solicits comments from individuals in an effort to be responsive to their concerns and banking needs. The Bank's delivery systems are accessible, essentially, to all segments of the assessment area.

Other Retail Services

The Bank offers low cost savings and checking accounts that meet the guidelines established by the Massachusetts Community and Banking Council (MCBC). The Bank offers a basic Lifeline Checking account, which features no charges for the first ten checks per statement cycle. There is a \$0.25 charge for each check over ten, not to exceed \$3.00 per cycle. The Bank's Lifeline Savings Account requires a \$10.00 minimum balance to avoid monthly maintenance charges. Both accounts offer ATM utilization. In addition, the bank offers a NOW Checking Account with free ATM privileges. However, a one-dollar fee is assessed at non-Belmont Savings Bank ATMs. There is also a \$3 monthly service charge or \$0.20 per check whichever is greater.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for a community development purpose and is related to the provision of financial services. The Bank's officers and employees are involved with community organizations that address economic and affordable housing development. Through this involvement, the Bank's staff lends its technical expertise, experience, and judgment to these organizations. Detailed below are some of the Bank's qualified community development services.

Belmont Fair Housing Committee/Housing Partnership: The Bank's Branch Manager and Mortgage Officer served as the Town-appointed Co-chairman of this organization. The purpose of this committee is to increase the number of affordable housing units in the Town of Belmont and to deal with complaints of discrimination.

Protestant Guild: The Protestant Guild for Human Services is a non-profit human service agency geared toward children, adolescents, and adults and covers a variety of developmental disability needs. The Bank's Vice President of Lending serves as a finance committee member. In addition to serving on the finance committee, this individual serves on the fund raising committee. All funds raised are used to benefit the clients. The center has a current enrollment of 106 individuals residing in seven homes. These homes are used to house mentally challenged clients of the Guild.

The Learning Center, the Protestant Guild's education program, encourages low and moderate-income students to reach their maximum level of independence. The students receive instruction in areas such as reading, writing, budgeting and other life skills.

Arlington Home Improvement Program: The Arlington Home Improvement Program provides low interest loans and technical assistance to eligible homeowners (low and moderate-income) in Arlington, who because of financial need are unable to make needed home repairs. The U.S. Department of Housing and Urban Development (HUD) funds this program. The Bank has the servicing rights to 112 of these loans.

West Suburban Elder Services: The Bank's Watertown branch office manager serves on the Advisory Council of the Money Management Program for this organization. The council meets approximately five times a year. Another branch office manager is a volunteer bill payer for this organization. She visits two senior citizens at their residences twice a month to assist with bill paying tasks and to balance their checkbooks. In addition, volunteer bill payers bring customer questions to the council and the council in turn assists in getting the appropriate help for the seniors.

COMMUNITY DEVELOPMENT SERVICES (continued)

Sociedad Latina: This organization is a non-profit community action agency that works with a diverse group of teenagers in Massachusetts. Meetings covering topics as domestic violence and financial problems are held in various Latino communities including Waltham. A Bank employee volunteers two weekends a month and counsels teenagers on a broad array of issues that affect their lives.

Educational Services and Seminars: Since the prior evaluation, the Bank conducted two Home Buyer Seminars as well as one Home Ownership Seminar. In October 2003, the Bank conducted an Individual Retirement Account (IRA) seminar that was open to the public and included a review of Traditional, Roth, and Educational IRAs. Discussions also included tax issues concerning deductibility, death inheritance and alternatives available to beneficiaries, and general tax issues relative to IRA accounts.

The Bank offers customers homeownership counseling on an individual basis. Advertisements that promote the availability of this service are placed in local newspapers. The counseling sessions include topics that cover the mortgage application process, loan documentation, acceptable sources of downpayment, qualifying ratios, loan product options and credit history. Additionally, the Bank regularly participates in educational seminars sponsored by area business, civic and community development organizations. Topics such as identity theft, home ownership and mortgage programs.

The Bank regularly conducts tours of the Bank for local schools and youth organizations. Young individuals are shown the various functions of the Bank's operation. Children are also lectured on basic banking principals.

Conclusion - Service Test

As depicted above, the Bank's systems for delivering retail-banking services are accessible to geographies and individuals of different income levels in its assessment area. The Bank's officers and employees have provided an adequate level of service activities and involvement in community organizations primarily for community development purposes and related to the provision of financial services. Many of the organizations that bank management and employees have taken a leadership role in, promote economic development. Bank management and staff have sponsored and participated in several educational seminars. Therefore, the Bank's service activities receive a rating of Satisfactory.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

A review was conducted for compliance with fair lending regulations, and no evidence of discrimination was revealed.

APPENDIX A

SCOPE OF EXAMINATION: The Bank has one assessment area that was reviewed on-site using the Large Bank CRA evaluation Procedures. The evaluation included an assessment of the bank's performance within the assessment area, which is included the Boston-MA Consolidated Metropolitan Statistical Area (CMSA). A review of the Divisions records, as well as the bank's CRA Public File, did not reveal any adverse comments relating to the bank's CRA performance since the prior examination. The period under review is January 1, 2001 through September 30, 2003. Residential lending activity, as well as community development lending activity, was based upon the 2001, 2002 and year-to-date September 30, 2003 HMDA loan application registers, CRA small business data and community development loan registers.

APPENDIX B

Institution ID:

BELMONT SAVINGS BANK

Table 1. Lending Volume

LENDING VOLUME 30, 2003		Geography: BELMONT SVGS 2001 AG						Evaluation Period: JANUARY 1, 2001 TO SEPTEMBER				
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)		
Full Review:												
Belmont Svgs 2001	100.00	208	59,016	0	0	0	0	0	0	208	59,016	0.00
Belmont Svgs 2002	100.00	394	96,698	0	0	0	0	0	0	394	96,698	0.00
Belmont Svgs 2003	100.00	397	98,913	0	0	0	0	0	0	397	98,913	0.00

* Loan Data as of December 31, 2001, December 31, 2002 and September 30, 2003. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From January 01, 2001 to September 30, 2003.

*** Deposit Data as of December 31, 2001, December 31, 2002, and September 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

BELMONT SAVINGS BANK

Table 1. Other Products

LENDING VOLUME 30, 2003				Geography: BELMONT SVGS 2001 AG						Evaluation Period: JANUARY 1, 2001 TO SEPTEMBER				
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
Belmont Svgs 2001	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Belmont Svgs 2002	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Belmont Svgs 2003	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of December 31, 2001, December 31, 2002 and September 30, 2003. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is From January 01, 2001 to September 30, 2003.

*** Deposit Data as of December 31, 2001, December 31, 2002 and September 30, 2003. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

ID: BELMONT SAVINGS BANK

Table 1. Other Products

LENDING VOLUME 30, 2003		Geography: BELMONT SVGS 2001 AG		Evaluation Period: JANUARY 1, 2001 TO SEPTEMBER	
MA/Assessment Area (2001):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Belmont Svgs 2001	0	0	0	0	
Belmont Svgs 2002	0	0	0	0	
Belmont Svgs 2003	0	0	0	0	

* The evaluation period for Optional Product Line(s) is From January 01, 2001 to September 30, 2003.

Table2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE SEPTEMBER 30, 2003				Geography: BELMONT SVGS 2001 AG				Evaluation Period: JANUARY 1, 2001 TO						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Belmont Svgs 2001	38	100.00	0.00	0.00	4.60	2.63	55.44	44.74	39.96	52.63	0.00	6.75	60.43	32.82
Belmont Svgs 2002	43	100.00	0.00	0.00	4.60	2.33	55.44	67.44	39.96	30.23	0.00	6.93	58.00	35.08
Belmont Svgs 2003	13	100.00	0.00	0.00	0.37	0.00	45.67	53.85	53.96	46.15	0.00	0.00	0.00	0.00

* Based on 2001 and 2002 Peer Mortgage Data: Northeast Region. No Peer Mortgage Data was available for 2003.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT SEPTEMBER 30, 2003			Geography: BELMONT SVGS 2001 AG								Evaluation Period: JANUARY 1, 2001 TO			
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Belmont Svgs 2001	1	100.00	0.00	0.00	4.60	0.00	55.44	100.00	39.96	0.00	0.00	6.17	54.89	38.94
Belmont Svgs 2002	0	0.00	0.00	0.00	4.60	0.00	55.44	0.00	39.96	0.00	0.00	3.12	54.07	42.81
Belmont Svgs 2003	0	0.00	0.00	0.00	0.37	0.00	45.67	0.00	53.96	0.00	0.00	0.00	0.00	0.00

* Based on 2001 and 2002 Peer Mortgage Data: Northeast Region. No Peer Mortgage Data was available for 2003.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE TO SEPTEMBER 30, 2003					Geography: BELMONT SVGS 2001 AG					Evaluation Period: JANUARY 1, 2001				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Belmont Svgs 2001	169	100.00	0.00	0.00	4.60	1.18	55.44	46.75	39.96	52.07	0.00	5.26	54.14	40.60
Belmont Svgs 2002	350	100.00	0.00	0.00	4.60	1.71	55.44	52.29	39.96	46.00	0.00	4.60	51.54	43.85
Belmont Svgs 2003	384	100.00	0.00	0.00	0.37	0.26	45.67	31.25	53.96	68.49	0.00	0.00	0.00	0.00

* Based on 2001 and 2002 Peer Mortgage Data: Northeast Region. No Peer Mortgage Data was available for 2003.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY SEPTEMBER 30, 2003			Geography: BELMONT SVGS 2001 AG						Evaluation Period: JANUARY 1, 2001 TO					
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Belmont Svgs 2001	0	0.00	0.00	0.00	13.15	0.00	76.79	0.00	10.06	0.00	0.00	17.39	65.22	17.39
Belmont Svgs 2002	1	100.00	0.00	0.00	13.15	0.00	76.79	100.00	10.06	0.00	0.00	30.77	69.23	0.00
Belmont Svgs 2003	0	0.00	0.00	0.00	7.37	0.00	69.70	0.00	22.93	0.00	0.00	0.00	0.00	0.00

* Based on 2001 and 2002 Peer Mortgage Data: Northeast Region. No Peer Mortgage Data was available for 2003.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE SEPTEMBER 30, 2003			Geography: BELMONT SVGS 2001 AG						Evaluation Period: JANUARY 1, 2001 TO					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families*	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Belmont Svgs 2001	38	100.00	13.59	2.63	16.03	15.79	23.41	7.89	46.96	73.68	1.23	8.22	20.69	69.85
Belmont Svgs 2002	43	100.00	13.59	2.38	16.03	2.38	23.41	23.81	46.96	71.43	1.72	10.22	24.44	63.62
Belmont Svgs 2003	13	100.00	14.72	0.00	15.71	23.08	20.72	30.77	48.86	46.15	0.00	0.00	0.00	0.00

* Based on 2001 and 2002 Peer Mortgage Data: Northeast Region. No Peer Mortgage Data was available for 2003.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information for 2001 and 2002. 2003 percentage is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT SEPTEMBER 30, 2003			Geography: BELMONT SVGS 2001 AG						Evaluation Period: JANUARY 1, 2001 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Belmont Svgs 2001	1	100.00	13.59	0.00	16.03	0.00	23.41	0.00	46.96	100.00	6.19	12.16	19.72	61.93
Belmont Svgs 2002	0	0.00	13.59	0.00	16.03	0.00	23.41	0.00	46.96	0.00	4.12	12.76	21.81	61.32
Belmont Svgs 2003	0	0.00	14.72	0.00	15.71	0.00	20.72	0.00	48.86	0.00	0.00	0.00	0.00	0.00

* Based on 2001 and 2002 Peer Mortgage Data: Northeast Region. No Peer Mortgage Data was available for 2003.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information. 2003 percentage is based on the 2000 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE TO SEPTEMBER 30, 2003				Geography: BELMONT SVGS 2001 AG				Evaluation Period: JANUARY 1, 2001						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Belmont Svgs 2001	169	100.00	13.59	3.64	16.03	10.30	23.41	21.82	46.96	64.24	2.74	11.07	22.39	63.80
Belmont Svgs 2002	350	100.00	13.59	3.14	16.03	12.00	23.41	22.57	46.96	62.29	2.63	10.89	23.14	63.33
Belmont Svgs 2003	384	100.00	14.72	4.97	15.71	12.57	20.72	22.51	48.86	59.95	0.00	0.00	0.00	0.00

* Based on 2001 and 2002 Peer Mortgage Data: Northeast Region. No Peer Mortgage Data was available for 2003..

** As a percentage of loans with borrower income information available. No information was available for 2.37% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information. 2003 percentage is based on the 2000 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS SEPTEMBER 30, 2003		Geography: BELMONT SVGS 2001 AG				Evaluation Period: JANUARY 1, 2001 TO			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Belmont Svgs 2001	0	0	0	0	0	0	0.00	0	0
Belmont Svgs 2002	0	0	0	0	0	0	0.00	0	0
Belmont Svgs 2003	0	0	0	0	0	0	0.00	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2001 TO SEPTEMBER 30, 2003									Geography: BELMONT SVGS 2001 AG					Evaluation Period:			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Belmont Svgs 2001	0.00	0	0	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	8.56	61.27	30.17
Belmont Svgs 2002	0.00	0	0	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	8.56	61.27	30.17
Belmont Svgs 2003	0.00	0	0	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	1.80	54.54	43.66

Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM 1, 2001 TO SEPTEMBER 30, 2003								Geography: BELMONT SVGS 2001 AG						Evaluation Period: JANUARY			
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Belmont Svgs 2001	0.00	0	0	0.00	0.00	0.00	0.00	0	0.00	0	0	0	0	0.00	0.00	0.00	0.00
Belmont Svgs 2002	0.00	0	0	0.00	0.00	0.00	0.00	0	0.00	0	0	0	0	0.00	0.00	0.00	0.00
Belmont Svgs 2003	0.00	0	0	0.00	0.00	0.00	0.00	0	0.00	0	0	0	0	0.00	0.00	0.00	0.00

Institution ID: BELMONT SAVINGS BANK

Belmont Svgs 2001 2002

Demographic Information for Full Scope Area: Belmont Svgs 2001 2002						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	42	0.00	11.90	54.76	33.33	0.00
Population by Geography	199,686	0.00	8.56	61.27	30.17	0.00
Owner-Occupied Housing by Geography	44,050	0.00	4.60	55.44	39.96	0.00
Business by Geography	13,523	0.00	7.11	59.67	33.22	0.00
Farms by Geography	175	0.00	5.14	52.00	42.86	0.00
Family Distribution by Income Level	48,679	13.59	16.03	23.41	46.96	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	14,419	0.00	14.13	66.01	19.86	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 & 2002 Households Below Poverty Level		48,688 74,200 5.03%	Median Housing Value Unemployment Rate (1990 US Census)		233,581 2.76%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2001 & 2002 HUD updated MFI

Belmont Savings Bank 2003

Demographic Information for Full Scope Area: Belmont Savings Bank						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	0.00	2.50	52.50	45.00	0.00
Population by Geography	189,150	0.00	1.80	54.54	43.66	0.00
Owner-Occupied Housing by Geography	43,842	0.00	0.37	45.67	53.96	0.00
Business by Geography	13,146	0.00	2.41	56.13	41.46	0.00
Farms by Geography	175	0.00	1.14	50.86	48.00	0.00
Family Distribution by Income Level	45,874	14.72	15.71	20.72	48.86	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,958	0.00	2.72	62.77	34.51	0.00
Median Family Income HUD Adjusted Median Family Income for 2003 Households Below Poverty Level		68,341 80,800 5.82%	Median Housing Value Unemployment Rate (1990 US Census)		308,144 1.9%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2003 HUD updated MFI

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

BELMONT SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **October 27, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
_____	_____
_____	_____
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_____	_____
_____	_____
_____	_____

A majority of the Board of Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.